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PR13:34

For Immediate Release:

11/5/2013

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Controller Sues Thrivent Financial For Impeding Investigation

Company Refuses to Turn Over Life Insurance Records in Industry-Wide Probe Into the Fleecing of Policyholders and Their Beneficiaries

SACRAMENTO - State Controller John Chiang today filed a lawsuit against Thrivent Financial for Lutherans for refusing to comply with existing state law requiring it to turn over records necessary to determine if the Wisconsin-based insurer is failing to pay death benefits to the beneficiaries of policyholders known to be deceased.

"Unlike other life insurance firms which are now cooperating with California to correct past injustices perpetrated against their policyholders, Thrivent has suppressed its records and is flaunting California's consumer protection laws," Chiang said. "If Thrivent has nothing to hide, it should open its books and be accountable as the law requires. Thrivent will either comply with the rule of law out of an ethical obligation to its clients or it will do so under court order."

The [complaint](#) charges that Thrivent refused to allow the Controller to audit its records in order to determine whether the company failed to pay deceased policyholders' beneficiaries or turn the proceeds over to be safeguarded in perpetuity by the State Controller's Unclaimed Property program until returned to the rightful owner or heir. Also, the complaint asserts that Thrivent impeded the progress of audits for 14 months, and then filed a lawsuit against the Controller to seek relief from its statutory obligation to allow an unclaimed property audit.

Earlier this year, the Controller filed similar lawsuits against two insurers for refusing to open their books – Texas-based [ANICO](#) and Missouri-based [Kemper](#). Last month, a Sacramento Superior Court judge ruled in favor of the Controller and ordered ANICO to turn over their records to the Controller.

Controller Chiang began auditing insurance company practices in 2008, revealing an industry-wide practice of companies failing to pay death benefits to the beneficiaries of life insurance policies, despite having access to federal records indicating that policyholders had died. This information is contained in the "Death Master File" – a database maintained by the Social Security Administration and regularly scanned by companies that sell and administer life insurance policies.

Despite having access to these records – and in many cases, having direct confirmation from family members that the policyholder had passed away – some companies would instead use the policies' cash reserves to continue paying premiums to the company. Once the cash reserves were depleted, the company would cancel the policy, leaving the beneficiaries empty-handed.

To date, Controller Chiang has reached global settlements with [18 life insurance companies](#), with an aggregate value of \$266.7 million belonging to California beneficiaries, and an estimated \$2.4 billion nationally. These 18 companies – which write more than 50 percent of all the issued and active life insurance policies nationwide – have agreed to restore the full value of expired life insurance policies – with interest – and payout future benefits more quickly. Thrivent, Kemper and ANICO, however, have steadfastly refused to even make its records available to the Controller.

California's unclaimed property law has protected private property from being lost during mergers or bankruptcies, drawn down by service or storage fees, or simply used by private businesses. The Controller's unclaimed property site – www.claimit.ca.gov – allows users to search for and claim their unclaimed funds at no cost. The database now provides information about property that has been reported as about to be sent to the State, and provides information so that property owners can contact the business holding the property and reestablish their accounts or have the property directly returned to them. In addition to Spanish and English, individuals, businesses, governmental and non-profit agencies now can search for their property in Chinese, Tagalog, Korean, Vietnamese and Armenian.

During the past 6.5 years, Controller Chiang has reunited owners with more than \$2.5 billion of property that had been lost or forgotten. Chiang has also returned 181 million shares of securities to owners, which is more than 30 times the amount returned to owners during the previous decade.

To read more about the Controller's efforts on behalf of life insurance beneficiaries, [click here](#).

Read a version of this press release in .

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